



PRESS RELEASE

Colorado Department of Law
Attorney General John W. Suthers

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CONTACT

Carolyn Tyler
Communications Director
303-866-5632
Carolyn.Tyler@state.co.us

McKesson to Pay Colorado more than \$3.5 Million Resolving Abuses of Inflated Pricing for Prescription Drugs

\$151 Million Recovered in Multistate False Claim Pricing Settlement

DENVER—Attorney General John Suthers announced today that Colorado, as part of a national settlement against the McKesson Corporation (NYSE: MCK), the largest pharmaceutical distributor in North America that distributes one-third of the medicines used every day, has resolved allegations that McKesson violated the Federal False Claims Act and various state false claims acts. By reporting inflated pricing data for a large number of prescription drugs, McKesson caused the state's Medicaid program to overpay for those drugs. Medicaid is funded jointly by the federal government and the State of Colorado.

"The Colorado Office of the Attorney General will continue to work with other states to insure that taxpayer money is safeguarded, so that state money dedicated to Medicaid will go for the provision of legitimate medical expenses," said Attorney General John Suthers.

The drug pricing data at issue in this settlement concerns the Average Wholesale Price (AWP) benchmark used by most states, including Colorado, to set pharmacy reimbursement rates for pharmaceuticals dispensed to Colorado Medicaid beneficiaries. Colorado alleges that McKesson reported inflated AWP pricing data to First Data Bank (FDB), a publisher of drug prices, thereby inflating many AWP's that are used by Colorado to set reimbursement. In April, the federal government settled the federal portion of this lawsuit for more than \$187 million. This agreement recovers Colorado's Medicaid share.

Colorado's recovery through the national multistate settlement announced today is \$1,659,701.73. The overall recovery attributable to Colorado's Medicaid program (representing McKesson's April 2012 payments to the federal government for damages suffered by Colorado's Medicaid program, combined with the state settlement announced today), is \$3,555,691.75. The settlement money will go directly to the state's Medicaid program and is to be paid with interest by July 30, 2012.

The suit was filed in U.S. District Court in New Jersey and joined by 38 states and the District of Columbia. To date, federal and state governments have also recovered more than \$2 billion from drug manufacturers that were alleged to have reported inflated AWP information to FDB and other publishers of drug prices.

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